

Joint Committee Meeting
Select Board
Finance Committee
School Committee
Library Trustees

September 19, 2005
7:00 p.m.
Town Room, Town Hall

FY 07 Budget Planning

THE LOCAL GOVERNMENT BUDGET PROCESS

1. *Before the Fiscal Year:* PREPARATION, SUBMISSION & APPROVAL OF BUDGET

- * Revenue estimates
- * “Expenditure estimates” (proposed budgets)
- * Capital budget recommendations
- * Operating budget review and recommendations
- * Budget approval

2. *During the Fiscal Year:* IMPLEMENTATION

- * Budget administration
- * Accounting
- * Revenue administration
- * Purchasing
- * Treasury management
- * Debt management
- * Risk management

3. *After the Fiscal Year:* AUDIT & REVIEW

- * Financial and budget reports
- * Audits
- * Budget review

TOWN OF AMHERST

FY 07 BUDGET PROCESS – *Draft 9/19/05*

SEPTEMBER – NOVEMBER 2005

The Select Board hosts a joint meeting of the Select Board, Finance Committee, School Committee, and Library Trustees to discuss how the budget process can be improved, review the role and board member/administrator makeup of a proposed “Joint Financial Planning Group”, and review a draft town/schools/library master budget calendar (this document).

Preliminary revenue and expenditure projections are presented in early October to the JFPG or whatever forum is agreed upon at the joint board meeting in September. The JFPG will likely have multiple meetings to review projections and try to develop consensus on budget priority setting and a method of sharing limited resources.

DECEMBER 2005

The Finance Committee recommends FY 07 spending guidelines to Town Manager, Select Board, School Committee, Superintendent of Schools, Library Trustees and Library Director.

NOVEMBER 2005 – JANUARY 2006

Town Manager, Superintendent of Schools and Library Director develop operating and capital budgets.

On January 16, the Town Manager submits to the Select Board and Finance Committee the FY 07 Budget which contains a "...detailed estimate in writing of the probable expenditures of the Town government for the ensuing fiscal year...an estimate of the amount of income from all sources of revenue exclusive of taxes upon property in the ensuing year...(and) the probable amount required to be levied and raised by taxation..." as specified in section 5.1 of the Amherst Town Government Act.

The Superintendent of Schools submits to the School Committee a spending proposal for the elementary schools and a budget for the Regional School District that includes an estimate of revenues from all sources and an estimate of probable expenditures. After adoption by the School Committee, proposals are presented to the Finance Committee.

The Library Director presents a budget to Library Trustees that includes estimates of revenues from all sources and proposed expenditures for the ensuing fiscal year. After adoption by the Library Trustees, the proposal is presented to the Finance Committee.

TOWN OF AMHERST
FY 07 BUDGET PROCESS – *Draft 9/19/05 (continued)*

JANUARY - APRIL 2006

The Finance Committee reviews proposed FY 07 Capital and Operating Budgets and formulates its recommendations, which will be presented to Town Meeting. The Select Board will also review the Finance Committee's recommendations so that it can make recommendations to Town Meeting regarding the Finance Committee's recommendations. The public is invited to attend any of these meetings and to voice its opinions. The Finance Committee generally meets on Thursday evenings. The Select Board meets on selected Mondays. The Joint Capital Planning Committee (JCPC) reviews and formulates recommendations for capital spending in the next ensuing fiscal year. The JCPC generally meets on Thursdays at Noon.

APRIL - MAY 2006

Town Meeting considers the Finance Committee's, Select Board's and Joint Capital Planning Committee's recommendations for Town, school, and library operating and capital budgets and adopts a FY 07 Budget.

JUNE 2006

If necessary to meet the budget adopted by Town Meeting, a referendum is held to override the Town's Proposition 2-1/2 property tax levy limit. If one or more of the override questions fail, Town Meeting reconvenes to amend the budget unless portions of the budgets were voted as contingent appropriations (contingent upon passage of an override).

JULY 2006 - JUNE 2007

Amendments to the budget may be made at any Town Meeting held during FY 07. Such amendments follow the same process of review by the Finance Committee, Select Board and Joint Capital Planning Committee where appropriate.

TOWN OF AMHERST COMMITTEE CHARGE

Name: **Joint Financial Planning Group**

Membership: Select Board (2), School Committee (2), Library Trustees (2), Finance Committee (2), Regional School Committee Chair, Town Manager, Finance Director/Treasurer, Superintendent, School Business Manager, Library Director

Staff Liaison: Finance Director/Treasurer

Committee Charge Summary:

- To refine a master town/school/library budget development calendar;
- To review a Long Range Financial Forecast that includes prior years' results, current year approved budget, and revenue/expenditure projections for the next three fiscal years;
- To develop consensus on budget priority setting and a method of sharing limited resources.

No votes; consensus only.

TOWN OF AMHERST

Key Budget Issues – FY 07

REVENUES:

- **Dwindling Reserves**
 - Reduce / eliminate support of operating budget from \$1.7M to zero over next few years
 - Develop strategy to rebuild reserves
 - Bond rating
- **State Aid**
 - State finances improving
 - Fall 2005 supplemental aid? (Snow/ice deficit; Chapter 90)
 - Education Aid – new Chapter 70 formula?
 - Lottery Aid – phase-out of diversion of aid to other parts of the state budget will help us
 - Chapter 90
 - PILOT
 - Hammill Commission Report: “Local Communities At Risk; Revisiting the Fiscal Partnership Between the Commonwealth and Cities and Towns”, September 2005
 - MMA Revenue Sharing Task Force Report: later this Fall
- **Proposition 2 ½ Limits**

SPENDING:

- **Employee / Retiree Health Insurance Costs**
 - 3 –year strategy to eliminate Health Claims Trust Fund deficit and restore adequate reserves for IBNR claims, etc.
 - Modernize plan design
 - Reinsurance
 - Employee education
 - Audits and accountability
- **High Cost of Fuel / Utilities**
 - Heating Oil
 - Gasoline / Diesel
 - Energy conservation initiatives (i.e. electricity, capital plan, etc.)
- **Capital Needs**
 - Allocation from tax levy
 - Community Preservation Act – additional %?

AMHERST TOWN GOVERNMENT ACT

EXCERPTS RE: BUDGET PROCESS

2.23 Finance committee

There shall be a finance committee consisting of 7 members to be appointed by the moderator. It shall be the duty of this committee to investigate all proposals in the articles of the warrant for any town meeting that shall in any way affect the finances of the town and to recommend to the town at the time of said meeting a course of action thereon, and in general to make recommendations to the town in regard to any financial business of the town. It shall have control of the reserve fund of the town and make appropriations therefrom.

3. The Select Board

3.1 Organization

The 5 members of the select board shall be elected at large as the town's chief elected officials.

3.2 Powers and duties

The select board shall exercise such powers as are provided to municipalities or to boards of selectmen in the General Laws which have not been superseded by the provisions of this act. It shall be responsible for the general governance of the town. Other powers and duties shall include, but not be limited to those listed below.

3.21 Policy making

The select board shall initiate policy proposals as well as consider and make decisions on policy recommendations brought to it. It shall make guidelines for the manager in preparation of the annual budget proposal. It shall review and make recommendations on the proposed annual budget.

3.231 Town meeting warrant

The select board shall call and issue warrants for town meeting.

3.232 Recommendations to town meeting

The select board shall make recommendations to town meeting.

AMHERST TOWN GOVERNMENT ACT

EXCERPTS RE: BUDGET PROCESS (CONTINUED)

3.25 Financial

3.251 Budget

The select board shall make recommendations to the town on the annual operating budget and the capital program.

3.252 Signing bonds and notes

The select board shall sign all bonds and notes for the borrowing of money.

3.253 Reviewing grants and contracts

The select board shall review all contracts of over \$1,000,000 and all grants with implication of future

financial decisions beyond the current fiscal year.

3.254 Encouraging joint financial planning

The select board shall encourage joint financial planning among town, school and library officials.

5. Budgetary Process and Fiscal Management

5.1 Annual operating budget

On or before January 16 of each year, the town manager shall submit to each member of the select board and finance committee a recommendation in writing of the appropriations for the town government for the ensuing fiscal year, showing specifically the amount required to meet the interest and maturing bonds and notes or other outstanding indebtedness of the town, and showing specifically the amount recommended to be provided for each fund and department, together with a statement of the expenditures of the town for the same purpose in at least the 2 preceding years and an estimate of the expenditures for the current year.

The manager shall also submit a statement showing all revenue received by the town in at least the 2 preceding fiscal years together with an estimate of the receipts of the current year and an estimate of the amount of income from all sources of revenue exclusive of taxes upon property in the ensuing year and shall report the probable amount required to be levied and raised by taxation to defray all expenses and liabilities of the town. For the purpose of enabling the town manager to make up the annual estimate of expenditures, all

AMHERST TOWN GOVERNMENT ACT

EXCERPTS RE: BUDGET PROCESS (CONTINUED)

boards, officers and committees of the town shall, upon the manager's written request, furnish all information in their possession, and before November 16 submit to the manager in writing a detailed estimate of the appropriations required for the efficient and proper conduct of their respective departments during the next fiscal year.

5.2 Capital improvement program

The town manager, with the advice of a joint capital planning committee comprised of representatives from the select board, finance committee, school committee and library trustees, shall develop a capital improvement program to be presented to the select board, finance committee, school committee and library trustees in time to be included in the finance committee report to the next annual town meeting.